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APPLICATION NO.	FILING DATE	FIRST NAMED INVENTOR	ATTORNEY DOCKET NO.	CONFIRMATION NO.
09/800,094	03/05/2001	Geoffrey B. Rhoads	P0324	3256

23735 7590 01/12/2005

DIGIMARC CORPORATION
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EXAMINER	
ABDI, KAMBIZ	

ART UNIT	PAPER NUMBER
3621	

DATE MAILED: 01/12/2005

Please find below and/or attached an Office communication concerning this application or proceeding.

Office Action Summary	Application No.	Applicant(s)	
	09/800,094	RHOADS ET AL.	
	Examiner	Art Unit	
	Kambiz Abdi	3621	

-- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --

Period for Reply

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE 3 MONTH(S) FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If the period for reply specified above is less than thirty (30) days, a reply within the statutory minimum of thirty (30) days will be considered timely.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133). Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

Status

1)☒ Responsive to communication(s) filed on *29 October 2004*.

2a)☒ This action is **FINAL**. 2b)☐ This action is non-final.

3)☐ Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

Disposition of Claims

4)☒ Claim(s) *1-12* is/are pending in the application.

4a) Of the above claim(s) _____ is/are withdrawn from consideration.

5)☐ Claim(s) _____ is/are allowed.

6)☒ Claim(s) *1-7* is/are rejected.

7)☐ Claim(s) _____ is/are objected to.

8)☒ Claim(s) *8-12* are subject to restriction and/or election requirement.

Application Papers

9)☐ The specification is objected to by the Examiner.

10)☐ The drawing(s) filed on _____ is/are: a)☐ accepted or b)☐ objected to by the Examiner.

Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).

Replacement drawing sheet(s) including the correction is required if the drawing(s) is objected to. See 37 CFR 1.121(d).

11)☐ The oath or declaration is objected to by the Examiner. Note the attached Office Action or form PTO-152.

Priority under 35 U.S.C. § 119

12)☐ Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).

a)☐ All b)☐ Some * c)☐ None of:

1.☐ Certified copies of the priority documents have been received.

2.☐ Certified copies of the priority documents have been received in Application No. _____.

3.☐ Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).

* See the attached detailed Office action for a list of the certified copies not received.

Attachment(s)

1) ☐ Notice of References Cited (PTO-892)
2) ☐ Notice of Draftsperson's Patent Drawing Review (PTO-948)
3) ☒ Information Disclosure Statement(s) (PTO-1449 or PTO/SB/08) Paper No(s)/Mail Date 29 October 2004
4) ☐ Interview Summary (PTO-413) Paper No(s)/Mail Date. _____ .
5) ☐ Notice of Informal Patent Application (PTO-152)
6) ☐ Other: _____.

DETAILED ACTION

1. The prior office actions are incorporated herein by reference. In particular, the observations with respect to claim language, and response to previously presented arguments.

- New claims 4-12 have been added.
- Claims 1-12 are pending.

Election/Restrictions

2. Newly submitted claims 8-12 are directed to an invention that is independent or distinct from the invention originally claimed for the following reasons: the new claims are directed towards a method of image sensing and identification of data within such image (hidden or visible encoded data sensing, or recognition), which is classified under class 382 subclass 312.

Since applicant has received an action on the merits for the originally presented invention, this invention has been constructively elected by original presentation for prosecution on the merits. Accordingly, claims 8-12 are withdrawn from consideration as being directed to a non-elected invention. See 37 CFR 1.142(b) and MPEP § 821.03.

Claim Rejections - 35 USC § 112

1. The following is a quotation of the second paragraph of 35 U.S.C. 112:

> The specification shall conclude with one or more claims particularly pointing out and distinctly claiming the subject matter, which the applicant regards as his invention.

2. Claim 4 is rejected under 35 U.S.C. 112, second paragraph, as being indefinite for failing to particularly point out and distinctly claim the subject matter which applicant regards as the invention. The examiner does not understand it how can a token have a value, however at the same time there is no data indicating what that value is. It is not clear how a token can have a value at the same time not have value. Clarification is requested.

Response to Arguments

3. Applicant's arguments filed 29 October 2004 have been fully considered but they are not persuasive additionally applicant's arguments with respect to independent claim 1 have been considered but are not persuasive in regards to that any electronic money can be considered tokens or digital cash

as it is with the current reference to the account that has been created for the juvenile by the parents within the electronic realm of the system thought by Nakano. Nakano clearly discloses the creation of a monetary account (wallet) and deposition of money or credit (eCash or tokens) into such an account to be used by a minor for purchases of goods or services (music or music video) over an interactive television (electronic network). Additionally it has been clearly disclosed by Jones reference the utility of money tokens in small transaction environments as well as the usefulness of such tokens and digital tokens can be used and circulated within the electronic environment. Therefore the examiner maintains the rejection of the claims 1-3 and rejecting the additional claims added based on the original references sited by the examiner.

Claim Rejections - 35 USC § 103

5. The following is a quotation of 35 U.S.C. 103(a) which forms the basis for all obviousness rejections set forth in this Office action:

> (a) A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negatived by the manner in which the invention was made.

6. Claims 1-3 are rejected under 35 U.S.C. 103(a) as being unpatentable over U.S Patent No. 5,845,260 to Hiroaki Nakano et al. in view "Small Change, Are Micropayments Worth Trying?" By Russ Jones, Web Techniques, August 1998.

7. As per claim 1, Nakano clearly discloses a method comprising:

- Issuing a periodic allowance to a juvenile, said allowance comprising an allotment of digital money tokens (electronic account for spending on-line money)(See Nakano abstract, figure 1-2 and 6, column 6, lines 31-40 and 48-51and column 7, lines 18-23); and
- Charging a parent of said juvenile for said allowance (See figure 6, Nakano column 4, lines 34-41 and column 6, lines 31-40).

What Nakano is clear about is the specifics of the usage of token money in the system even though it is clear that the transaction are taking place in a network such as the internet. However, Jones clearly

teaches the method of use and system for utilization of tokens in a micro-payment environment (See Jones page 51, paragraph IV, lines 7-14, paragraph X, lines 1-8). Therefore, it would have been obvious to one having ordinary skill in the art at the time the current invention was made to modify the Nakano system to integrate tokens within the online purchase environment for their ease of use, portability, and wide spread use as well as low over head cost for small purchases online without jeopardizing security and double spending.

8. As per claim 2, Nakano and Jones clearly disclose all the limitations of claim 1, further; Nakano discloses the spending at least some of said digital money tokens as compensation for music delivered to the juvenile over an electronic network (video on-demand such as music videos over any network such as cable, TV or on-line)(See Nakano figure 3, column 3, lines 11-20). Also Jones clearly teaches the music or audio streaming purchase via a network (RealAudio streaming)(See Jones page 52, paragraph III, Lines 2-10).

9. Claim 3 is rejected under 35 U.S.C. 103(a) as being unpatentable over U.S Patent No. 5,845,260 to Hiroaki Nakano et al. in view of U.S. Patent No. 6,341,273 to Robert J. Briscoe and "Small Change, Are Micropayments Worth Trying?" By Russ Jones, Web Techniques, August 1998.

10. As per claim 3, Nakano clearly disclose all the limitations of claim 1, further;

What Nakano is not explicit on is each of the digital money token comprises a pseudo-random number. Although, Nakano teaches all of the elements claimed with the exception of being explicit on the type of electronic funds that is the specifics of the token and how usage of pseudo-random number used to generate tokens. However, Briscoe clearly teaches the roll of pseudo-random number in a micro-payment system (See Briscoe column 1, lines 24-31). The reason of using pseudo-random number token generation in a micro-payment system is the relative ease of use universality of the knowledge and cost to implement in the environment that not need to be highly secure transaction system when the value of the monetary funds are very small such as pennies. Therefore, it would have been obvious to one having ordinary skill in the art at the time the current invention was made to modify the Nakano system to

integrate pseudo-random tokens generation within it to speed up the process and save money in a very low value transactions in addition to being secure and able to use this method to identify and authentic the origin of the token value as well.

11. As per claim 4, Nakano and Jones clearly disclose all the limitations of claim 1, further;

As so far understood by the examiner Nakano is not explicit on each digital money token has an amount of monetary value associated therewith and Nakano is not explicit on is each of the digital money token comprises a pseudo-random number to hide said value associated with the token. Although, Nakano teaches all of the elements claimed with the exception of being explicit on the type of electronic funds that is the specifics of the token and how usage of pseudo-random number used to generate tokens. However, Briscoe clearly teaches the roll of pseudo-random number in a micro-payment system (See Briscoe column 1, lines 24-31). The reason of using pseudo-random number token generation in a micro-payment system is the relative ease of use universality of the knowledge and cost to implement in the environment that not need to be highly secure transaction system when the value of the monetary funds are very small such as pennies. Therefore, it would have been obvious to one having ordinary skill in the art at the time the current invention was made to modify the Nakano system to integrate pseudo-random tokens generation within it to speed up the process and save money in a very low value transactions in addition to being secure and able to use this method to identify and authentic the origin of the token value as well.

12. As per claim 5, Nakano and Jones clearly disclose all the limitations of claim 4, further;

What Nakano is not explicit on is each token corresponds to a string of data stored in a device in the custody of the juvenile. However Jones clearly teaches that tokens are stored in a wallet (See Jones page 51, sec. IV lines 7-14, and page 52, sec. VII lines 7-14). Therefore, it would have been obvious to one having ordinary skill in the art at the time the current invention was made to modify the Nakano system to integrate teachings of the Jones within Nakano for ease of use, better control, security, and universality of the token based funds transfer.

13. As per claim 6, Nakano and Jones clearly disclose all the limitations of claim 4, further;

What Nakano is not explicit on is each token has no identifier by which it may be associated with a particular juvenile or parent. However Jones clearly teaches that no identifying information is associated with the token (See Jones page 52, sec. VIII line 1-page 53, sec. I line 1). Therefore, it would have been obvious to one having ordinary skill in the art at the time the current invention was made to modify the Nakano system to integrate teachings of the Jones within Nakano for better control, security, universality, as well as anonymity of the real cash exchanges in the monetary transaction using electronic cash tokens.

14. As per claim 7, Nakano and Jones clearly disclose all the limitations of claim 1, further;

What Nakano is not explicit on is each token corresponds to a string of data stored in a device in the custody of the juvenile. However Jones clearly teaches that information in regards to the tokens are stored in the wallet (See Jones page 52, sec. VII lines 1-14). Therefore, it would have been obvious to one having ordinary skill in the art at the time the current invention was made to modify the Nakano system to integrate teachings of the Jones within Nakano for better control, security, universality, as well as anonymity of the real cash exchanges in the monetary transaction using electronic cash tokens.

15. Examiner has pointed out particular references contained in the prior arts of record in the body of this action for the convenience of the applicant. Although the specified citations are representative of the teachings in the art and are applied to the specific limitations within the individual claim, other passages and figures may apply as well. It is respectfully requested from the applicant, in preparing the response, to consider fully the entire references as potentially teaching all or part of the claimed invention, as well as the context of the passage as taught by the prior arts or disclosed by the examiner.

Conclusion

16. Applicant's amendment necessitated the new ground(s) of rejection presented in this Office action. Accordingly, **THIS ACTION IS MADE FINAL**. See MPEP § 706.07(a). Applicant is reminded of the extension of time policy as set forth in 37 CFR 1.136(a).

A shortened statutory period for reply to this final action is set to expire **THREE MONTHS** from the mailing date of this action. In the event a first reply is filed within **TWO MONTHS** of the mailing date of this final action and the advisory action is not mailed until after the end of the **THREE-MONTH** shortened statutory period, then the shortened statutory period will expire on the date the advisory action is mailed, and any extension fee pursuant to 37 CFR 1.136(a) will be calculated from the mailing date of the advisory action. In no event, however, will the statutory period for reply expire later than **SIX MONTHS** from the mailing date of this final action.

17. Any inquiry concerning this communication or earlier communications from the examiner should be directed to Kambiz Abdi whose telephone number is (703) 305-3364. The examiner can normally be reached on 9 AM to 5:00 PM.

If attempts to reach the examiner by telephone are unsuccessful, the examiner's supervisor, James P Trammell can be reached on (703) 305-9768. The fax phone number for the organization where this application or proceeding is assigned is 703-872-9306.

Information regarding the status of an application may be obtained from the Patent Application Information Retrieval (PAIR) system. Status information for published applications may be obtained from either Private PAIR or Public PAIR. Status information for unpublished applications is available through Private PAIR only. For more information about the PAIR system, see http://pair-direct.uspto.gov. Should you have questions on access to the Private PAIR system, contact the Electronic Business Center (EBC) at 866-217-9197 (toll-free).

Any response to this action should be mailed to:

Commissioner of Patents and Trademarks
Washington, D.C. 20231

or faxed to:

(703) 872-9306 [Official communications; including After Final communications labeled "Box AF"]

(703) 746-7749 [Informal/Draft communications, labeled "PROPOSED" or "DRAFT"]

Hand delivered responses should be brought to:

Crystal Park 5, 2451 Crystal Drive
7th floor receptionist, Arlington, VA, 22202

Kambiz Abdi
Examiner

January 5, 2005

JAMES P. TRAMMELL
SUPERVISORY PATENT EXAMINER
TECHNOLOGY CENTER 3600